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8 UNITED STATES BANKRUPTCY COURT
9 DISTRICT OF NEVADA

10 In re:

Case No. BK-S-09-29126-MKN
Chapter 7

11 HOTEL FURNITURE SALES, INC.,

12 Debtor.

**DECLARATION OF LENARD E.
SCHWARTZER SUPPORTING
MOTION TO APPROVE SALE OF
PERSONAL PROPERTY AND GOODWILL**

13 Date: December 15, 2010
14 Time: 11:00 a.m.

15 I, Lenard E. Schwartz, do hereby declare under penalty of perjury as follows:

16
17 1. I am over the age of eighteen and am competent to make this Declaration. I have
18 personal knowledge of the facts in this matter, except where stated upon information and belief.

19 2. I am the duly appointed Chapter 7 Trustee for the estate of Hotel Furniture Sales,
20 Inc. (the "Debtor").

21 3. I make this Declaration in connection with the *Motion to Approve Sale of Personal*
22 *Property and Goodwill* (the "Motion") filed concurrently with this Declaration, and if called to
23 testify, I could and would testify to the following statements set forth herein.

24 4. On October 12, 2009 (the "Petition Date"), Debtor filed a voluntary petition for
25 relief under Chapter 11 of the Bankruptcy Code. The Debtor continued to manage its affairs as
26 debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code until July 13,
27 2010, when the Court entered an *Order Granting Motion for Order Converting Case to Chapter 7*
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1 or for Appointment of Chapter 11 Trustee or Examiner [Docket #150] directing the appointment
2 of a Chapter 11 trustee for this case.

3 3. On July 13, 2010, the Office of the United State Trustee filed the *Appointment of*
4 *Lenard E. Schwartzner As Trustee For The Estate of Hotel Furniture Sales, Inc.* [Docket No. 151],
5 and on November 5, 2010, the Court entered the *Order Granting Motion of Chapter 11 Trustee for*
6 *Conversion of Case to Case Under Chapter 7* [Dkt. #200].

7 4. I am familiar with Debtor's operation since being appointed as Chapter 11 Trustee,
8 and have determined that the Debtor was engaged in the acquisition and sale of large volumes of
9 new and used hotel furniture which it then sold through retail and wholesale channels. The Debtor
10 utilized two massive warehouse locations -- the larger of which is approximately 56,000 square
11 feet with furniture stacked over forty feet in the air.

12 5. I have determined that the labor and trucking cost of simply removing and
13 disposing of the inventory will exceed \$150,000 and could take weeks to accomplish based on
14 Debtor's previous relocation, and the estate cannot afford continued storage costs for the
15 inventory.

16 8. I believe it is in the best interest of the estate to sell the estate's personal property
17 (including but not limited to its inventory, vehicles and trailers), and its goodwill (including name
18 and phone numbers) (the "Assets") according to the following terms:

19 Buyer: Sackley Family Trust and/or its assigns
20 Price: \$65,000.00
21 Payable: Cash or certified funds due no later than December 1, 2010
22 Conditions: Property to be sold "as is, where is" and without warranty.

23 9. I am unaware of any claims secured by the Assets to be sold. If any creditor alleges
24 that they have a perfected secured lien against the Assets, I would suggest that said lien be deemed
25 transferred to the proceeds of the sale pending further order of this Court.

26 11. I have concluded in my business judgment that this proposed sale price is
27 acceptable, but believe the Court should consider any higher bids made at or before the hearing of
28 this Motion.

1 12. I have personally inspected the warehouses, and due to the size of the inventory,
2 most of which is used, and much of which is damaged and has little or no value, I have concluded
3 that selling the Assets by private sale is the most beneficial to creditors and is in the best interests
4 of the estate.

5 13. If the Assets are not sold, the estate cannot sustain the expense of storing and/or
6 disposing of the inventory and must abandon it, so this proposed sale is a much better alternative
7 for the estate and its creditors.

8 I declare, under penalty of perjury, that the foregoing is true and correct, to the best of my
9 knowledge, information and belief.

10 Dated this 17 day of November, 2010.

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13 Lenard E. Schwartz, Trustee
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